



# U. S. Equal Employment Opportunity Commission

---

---

Office of Inspector General



## Semiannual Report to the Congress

October 1, 2001 - March 31, 2002

# MESSAGE TO THE CHAIR

---

May 1, 2002

The Honorable Cari M. Dominguez  
Chair  
Equal Employment Opportunity Commission  
Washington, D.C. 20507

Dear Madam Chair:

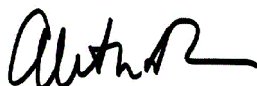
I am submitting to you the Office of Inspector General's Semiannual Report to Congress, as required by the *Inspector General Act of 1978, as amended*. The report summarizes accomplishments for the period of October 1, 2001 through March 31, 2002. The Act requires that you transmit this report, along with the management report prepared by the Office of Chief Financial Officer and Administrative Services, to the appropriate congressional committees by May 31, 2002.

During this semiannual period, significant work completed or being conducted by the Office of Inspector General (OIG) includes our first evaluation of Equal Employment Opportunity Commission's Government Performance and Results Act reporting, an assessment of Agency initiatives against the standards for success established to measure progress toward achieving President Bush's Management Agenda, and the evaluation of the Agency's infrastructure use and space utilization. Other work included investigations into allegations of misconduct and mismanagement, falsification of court documents, and conflict of interest; and reviews of the financial management, personnel and payroll systems implementation, Federal Managers Financial Integrity Act reporting, and investigative charge file information reporting; and a performance audit of the Education, Technical Assistance and Training Revolving Fund.

This work supports not only the mission embodied in the Inspector General Act, but OIG's vision to be "a team that embodies the highest standards of professionalism, technical skills and innovation promoting positive change and continuous improvement within the Agency." I congratulate my staff members on their dedication, innovation and commitment to excellence.

We appreciate the cooperation you and your management team have provided to the OIG. We look forward to continuing our tradition of providing quality service to the Agency.

Sincerely,



Aletha L. Brown  
Inspector General

---

## ***TABLE OF CONTENTS***

---

<b>Executive Summary</b> .....	1
<b>The Office of Inspector General</b> .....	3
Organization and Functions	
The Equal Employment Opportunity Commission	
Management Challenges Facing EEOC	
<b>The Audit and Evaluation Program</b> .....	8
Completed Assignments	
Ongoing Audit and Evaluation Activities	
Other Audit and Evaluation Activities	
<b>The Investigative Program</b> .....	15
Completed Investigations	
Ongoing Investigative Activities	
<b>Other OIG Activities</b> .....	19
Congressional Activities	
Inspector General Activities	
Professional Development and Association	
Technology Updates	
<b>Index of Reporting Requirements</b> .....	22
<b>Appendices</b> .....	23
Appendix I - List of OIG Audit & Evaluation Reports	
Appendix II - Single Audit Act Reports	

---

---

## EXECUTIVE SUMMARY

This is the 26<sup>th</sup> semiannual report issued by the Equal Employment Opportunity Commission's (EEOC) Office of Inspector General (OIG) since becoming a statutory Inspector General in 1989, pursuant to the 1988 amendments to the *Inspector General Act of 1978 (Public Law 95-452)*.

This report summarizes the OIG's activities and accomplishments for the period October 1, 2001 through March 31, 2002. We focused our resources on conducting audits, program evaluations, reviews and investigations, as well as, providing technical advice and assistance to the management of EEOC.

This section of the report highlights selected audits, investigations, staff activities and other projects completed during the reporting period.

During the period, investigations staff closed 135 matters, of which 117 were hotline contacts. The investigations completed include a joint investigation with the U. S. Drug Enforcement Administration (DEA) involving an EEOC employee who had several conversations with a known leader of a Mexican drug cartel and a third party regarding the possibility of obtaining falsified immigration documents. Since the United States Attorney's Office declined to prosecute, OIG concluded its administrative investigation with a report which found that the employee had violated ethics standards. The investigation of an Agency official who allegedly signed another attorney's signature on official court filings without appropriate authorization from the attorney resulted in a ruling by a Federal Magistrate finding the official violated Federal District Court rules. An investigation into alleged improprieties involving the management of the Agency's financial operations found that a management official circumvented established internal controls but did not violate any laws or regulations. OIG has ongoing investigations involving allegations of employee misconduct, mismanagement by senior officials, falsification of time and attendance records, and falsification of travel vouchers.

OIG completed a review of the Agency's Employee Computer Security Awareness Training Program. This review was conducted as part of OIG's continuing evaluation of the Agency's automated information systems as required by the Government Information Security Reform Act (GISRA). OIG found that established procedures for informing new employees of their automated information security responsibilities were not followed consistently. OIG's review of EEOC's management control system resulted in a report which concluded that for FY 2001, the evaluation process was conducted in accordance with Office of Management and Budget guidelines. However, OIG continues to review the process in an effort to identify measures to improve its effectiveness. Finally, while the management control self-assessment of OIG's internal audit and investigative operations did not reveal any deficiencies in mission-related functional areas, a control deficiency was identified in the external audit area.



---

The *Government Performance and Results Act (GPRA)* of 1993, requires Federal agencies to prepare annual performance plans and performance reports. OIG conducted a general assessment of the Agency's 2002 *Annual Performance Plan* and 2000 *Annual Performance Report* to determine how well EEOC reports and supports GPRA performance information. OIG submitted a draft report to EEOC for comment in March 2002. The final report will be issued in the next reporting period and should assist the Agency in developing future performance plans and performance reports.

Ongoing work includes a review of the financial, personnel and payroll systems implementation, which will identify challenges and corrective actions and also measure progress towards meeting goals and milestones. OIG's review of monetary benefit information accuracy in an EEOC field office found several discrepancies in information reported in the Charge Data System when compared with actual case file documentation. A draft report was issued and management's response is forthcoming. An evaluation of EEOC's infrastructure and space utilization using a case study approach, will assess an expanded use of telework and may create options for increasing the effectiveness and efficiency in the utilization of selected infrastructure, including office space and technology.

President George W. Bush's August 2001 Management Reform Agenda included five government-wide initiatives: Strategic Management of Human Capital; Expanded Electronic Government; Competitive Sourcing; Improved Financial Performance; and Budget and Performance Integration. The Office of Management and Budget (OMB) developed core criteria standards and a scorecard to evaluate 26 federal agencies' progress towards goals outlined under the President's Management Reform Agenda. The five government-wide initiatives were evaluated using a simple color-coded grading system consisting of green for success, yellow for mixed results, and red for unsatisfactory. Although the EEOC was not selected by OMB to be evaluated, the OIG conducted its own assessment to determine where the Agency stood in meeting these newly developed standards for success. Based upon our assessment the Agency was given red lights in four of the five initiatives (Strategic Management of Human Capital; Competitive Sourcing; Improved Financial Performance; and Budget and Performance Integration), and a yellow light for EEOC's efforts in Expanded Electronic Government. In addition to awarding the scores, agency accomplishments, weaknesses, and planned actions for achieving success in all areas relating to the OMB scorecard process were identified.

In accordance with the *President's Council on Integrity and Efficiency's (PCIE) Guide for Conducting Peer Reviews of the Audit Operations of the Offices of Inspector General*, OIG conducted a peer review of the audit operations of the Smithsonian Institution's (Smithsonian) Office of Inspector General for the two-year period ended September 30, 2001. In our opinion, the system of quality control for the audit function of the Smithsonian Institution has been designed in accordance with the standards established by the PCIE.

---

## THE OFFICE OF INSPECTOR GENERAL

The *Inspector General Act of 1978* was passed to ensure a level of integrity and efficiency that fulfills the American taxpayer's expectation for excellence and accountability in the Federal Government and its programs. Inspectors General are under the general supervision of the agency head and have substantial independence, authority and responsibility to conduct audits and investigations of agency programs. They have direct access to all agency records and materials (physical and electronic); issue subpoenas for necessary information, data, reports, and other evidence; administer oaths before taking testimony; hire staff; and request assistance from other Federal, state and local government agencies. They also act as independent fact finders, often undertaking initiatives at the request of the agency head, and provide assessments in such areas as financial management systems and internal controls. Generally, the Inspector General (IG) and agency management pursue the same goal of efficient and effective program operation and service delivery.

Congress established an Office of Inspector General at the EEOC through the 1988 amendment of the *Inspector General Act*, which expanded authority to independent agencies and federal entities. OIG's primary responsibility is to assist the EEOC by ensuring integrity, efficiency, and accountability in the agency's programs to enforce laws against discrimination in the workplace. Specifically, OIG supports the Agency by carrying out its mandate to independently and objectively conduct and supervise audits and investigations; prevent and detect fraud, waste, and abuse; and promote economy and efficiency in programs and operations. The OIG keeps EEOC's Chair and members of the Congress fully and currently informed about problems, recommends corrective action(s), and monitors the EEOC's progress in implementing such action.

### ORGANIZATION AND FUNCTIONS

The OIG is under the supervision of the IG, who provides overall direction, coordination, and leadership to staff. The OIG includes a deputy inspector general, an audit and evaluation staff, an investigative staff, an independent counsel, and an administrative staff. The Deputy Inspector General serves as alter ego of the Inspector General and has the responsibility for providing overall program guidance, direction and supervision to audit, evaluation and investigative staffs. The audit program provides assurance to the Chair and Congress that EEOC programs are working efficiently and effectively. The audit staff conducts performance and financial audits, as well as special reviews and evaluations. These audits focus on management controls, administrative and program operations, transaction processing and financial and other information systems. In special evaluations, the OIG considers the implications of EEOC programs, operations and policies.

The mission of the investigative program is to perform investigative activities related to the integrity of the EEOC's programs. Most of OIG's investigations focus on violations of law or misconduct by Agency employees, as well as, allegations of irregularities or abuses in operations and programs. When needed, OIG's investigators work in concert with other law enforcement entities. More than

---

half of investigative inquiries result from employees and the general public calling OIG's 24 hour telephone (hotline) to report wrongdoing. A significant amount of these calls concern EEOC's discrimination complaint process and are referred to the appropriate program office.

OIG's Counsel to the IG supervises the day-to-day operations of the Investigations Program, and provides independent legal advice on issues concerning criminal law and procedures, evidence, and administrative and constitutional law as they relate to OIG's investigative program. Counsel develops legal interpretations of appropriation law, financial management statutes and regulations and procurement and funding rules in support of the OIG's audit program. The CIG reviews each report product issued by OIG for legal sufficiency. Additionally, the CIG conducts reviews and provides comments on existing and proposed legislation, regulations, directives and policy issues that affect EEOC and OIG programs and operations.

The administrative and program support staff maintain control of OIG funds, manages personnel and procurement operations, operates OIG's hotline, responds to inquiries from the public and performs a variety of other support functions.

During the period, OIG hired a senior auditor to provide in-depth coverage of Agency performance and operations.

## THE EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

The EEOC is the federal agency responsible for enforcement of the *Equal Pay Act of 1963*; in the Federal sector only; *Title VII of the Civil Rights Act of 1964, as amended*; the *Age Discrimination in Employment Act of 1967*; *section 501 of the Rehabilitation Act of 1973*; the *Americans with Disabilities Act of 1990*; and the *Civil Rights Act of 1991*. These statutes prohibit employment discrimination based on race, color, sex, religion, national origin, age, or disability. The EEOC is also responsible for carrying out Executive Order 12067, which promotes coordination and minimizes conflict and duplication among Federal agencies that administer statutes or regulations involving employment discrimination.

In an effort to address workplace bias directed against individuals who are, or are perceived to be, Arab, Muslim, Middle Eastern, South Asian or Sikh, since September 11, 2001, EEOC issued a joint statement with the U.S. Departments of Justice and Labor, on November 19, 2001, reaffirming the federal government's commitment to upholding the federal anti-discrimination laws in the aftermath of the events of September 11. Also on December 11, 2001, the EEOC held the first public meeting under the leadership of Chair Cari M. Dominguez, which featured representatives of a variety of Arab, Muslim, Sikh, Middle Eastern, and South Asian groups who presented testimony and recommendations on combating backlash discrimination against members of these communities.

During the reporting period, Chair Cari M. Dominguez introduced her Five Point Plan, which

provides the strategic framework for accomplishing her vision for the Agency. The plan covers proactive prevention, proficient resolution, strategic enforcement and litigation, promotion and expansion of mediation and alternative dispute resolution, and the development of EEOC as a model workplace. The Chair also held the first ever all headquarters (including the Washington Field Office) employee meeting on March 18, 2002. Finally, Leslie E. Silverman, nominated by President George W. Bush and unanimously confirmed by the U.S. Senate, was sworn in as a Commissioner on March 7, 2002.

On February 22, 2002, EEOC released comprehensive enforcement and litigation statistics for FY 2001 (October 1, 2000 through September 30, 2001). According to the data, discrimination charges filed against private employers increased one percent from the previous year to 80,840, the highest level since the mid-1990s. The types of discrimination with the highest rate of increase in FY 2001, compared to the prior year, were allegations of discrimination based on age (one and one-half percentage point increase) and disability (one-half percentage point increase). Additionally, the FY 2001 data showed that the average charge processing time for private sector charges is 182 days, the lowest level since the early 1980s, and that the average time to resolve a charge through voluntary mediation was 84 days, a drop of 12 days from the prior year.

On January 15, 2002, by a 6-3 vote, the United States Supreme Court ruled in *EEOC v. Waffle House, Inc.* (No. 99-1823) that a private arbitration agreement between an individual and that individual's employer does not prevent the EEOC from filing a court action in its own name and recovering monetary damages for the individual. The Supreme Court recognized that EEOC is authorized to bring suit in its own name and has the prerogative, as a federal enforcement agency, to decide what relief is appropriately sought in a particular action brought, by the agency. The Supreme Court reversed a lower court decision that had prevented EEOC from recovering monetary damages on behalf of an individual who had previously agreed with his employer to arbitrate the individual's private claim of discrimination.

The EEOC entered into settlements of several major lawsuits including a \$6.8 million settlement of an Americans with Disabilities Act (ADA) lawsuit against Wal-Mart Stores, America's largest retailer; a \$9 million settlement of a class action suit brought by African-Americans, Hispanics, and female employees and applicants filed against Eagle Global Logistics in Houston, Texas, and a multi-million dollar settlement of a major class action lawsuit alleging pregnancy discrimination against Verizon predecessor companies NYNEX and Bell Atlantic. The settlement will cover current and former employees of Verizon in 13 states and the District of Columbia and is one of the largest pregnancy discrimination settlements of its kind.

---

## **MANAGEMENT CHALLENGES FACING EEOC**

The four issues identified by OIG in August 2001 continue to represent significant challenges to EEOC management. Program accomplishments in two of the issues are addressed below. The remaining challenges require additional emphasis and coordination before improvements are realized. These issues correspond significantly with initiatives outlined in the President's Management Agenda.

### **Utilization of Human Capital**

EEOC's Office of Human Resources (OHR) has adopted the Office of Personnel Management's Human Capital Scorecard to direct its program and process improvements. The five dimensions of the Human Capital Scorecard are strategic alignment; strategic competencies, leadership, performance culture, and learning. Since the OIG's last semiannual report, OHR reported the creation of a position description task force; implementation of QUICKHIRE; assessment of training needs for major EEOC occupations and identification of gaps; and continued leadership development through the SES training program. Also, OHR provided management development courses for non-managers; redesigned the SES performance management system; redesigned awards program; participated in field performance management training; conducted needs assessments; established succession planning programs; and implemented a new employee orientation program. Remaining challenges include the need to develop and implement a five-year Restructuring Plan which will provide the core strategy to undertake a critical review of EEOC's organizational structure.

### **Information Technology and Security**

The Office of Information Resources Management (OIRM) has revised its priorities and will use technology to enable the implementation of the Chair's Five Point Program. OIRM's goal is to adopt technologies to transform operations and simplify business processes that will drive improvements in efficiency, effectiveness and service delivery. Agency improvement initiatives include electronic filing of discrimination complaints and Freedom of Information Act applications; website enhancements; EEO-1 Survey reporting; Revolving Fund registration; and projects involving human resources (e-training, e-timecards, e-personnel actions) and finance management (e-payment, e-procurement, e-travel). Continuous improvement initiatives address capital planning and investment control, enterprise architecture, performance management, Information Technology security, and E-gov project participation.

### **Performance Based Management and Budgeting**

EEOC does not have an integrated budget and performance process. The Office of Chief Financial Officer and Administrative Services, and the Office of Research, Information and Planning are in the early stages of defining and integrating performance measures into agency budget submissions and operations. Other objectives include aligning authority and accountability; using the budget process

to identify the full cost of programs; and comparing performance and cost across programs. The Integrated Financial Management System, implemented in October 2001, provides the foundation to view program financial data. The improvement required is the alignment of the data collection cycle for performance metrics with the budget submission cycle.

### **Business Process Re-engineering**

In December 2001, a contractor's report to the Agency identified areas where re-engineered business processes could lead to greater operational efficiencies and eventual cost savings. The recommendations of this report, along with reports resulting from studies being conducted by OIG and the National Academy of Public Administration, will be considered by senior management in the development of a five year Agency Restructuring Plan which is intended to lead to overall improvement of Agency performance.



## THE AUDIT AND EVALUATION PROGRAM

*All work conducted under the Audit Program supports the OIG Strategic Goal to improve the economy, efficiency, and effectiveness of EEOC programs, operations, and activities.*

### COMPLETED ASSIGNMENTS

During the reporting period OIG completed a number of audit and evaluations projects.

#### **OIG Performance Audit of the Education, Technical Assistance and Training Revolving Fund. (OIG Report Number 01-07-APO)**

Congress passed the EEOC *Education, Technical Assistance and Training Revolving Fund Act of 1992 (P.L. 102.411)* (Revolving Fund) as a vehicle through which the Agency, on a fee basis, would develop and deliver specialized comprehensive education, technical assistance, and training relating to the laws it enforces. Through an outsourcing agreement with M.D. Oppenheim & Company, P.C. (MDO), the OIG conducted its first audit of the Revolving Fund. The purpose of the audit was to determine the extent to which the Revolving Fund achieved the results and provided benefits consistent with the requirements established by *P.L. 102.411*.

OIG identified weaknesses in the operation of the revolving fund that include inadequate financial management, inability to determine the full direct and indirect costs, and noncompliance with reporting requirements of the Revolving Fund Act of 1992. The final report offered the following recommendations to management:

- G** Designate a financial manager for the Revolving Fund to ensure that the Fund is being properly administered and reflects business-like qualities of a public enterprise fund. Also, take steps to ensure that registrations are prepaid by the customer and receivables are established only under rare circumstances.
- G** Develop an integrated cost accounting system that is consistent with EEOC's Integrated Financial Management System (IFMS).

- G** Re-evaluate the performance measurement process to address outcomes that are compatible with the strategic plan and in line with budget activities. Also, include the financial self-sustainability of the Revolving Fund as a performance measure.
- G** Initiate a mediator-conducted forum to facilitate communication between the Financial Management Division (FMD) and Revolving Fund staffs.
- G** Revisit the issue of discontinuing the use of the Government Printing Office for the Revolving Fund needs to remedy the apparent waste in public printing, per U.S.C. Title 44, Sections 103,105, and 504.
- G** Ensure that adequate controls over the Quality Enhancement Fund are established and funds are used properly.
- G** Add tables to the Annual Report narrative to report the unit cost and fee receipts for providing revolving fund services, which are supported and reconciled to the general ledger.
- G** Obtain a legal review of the Revolving Fund operations to determine whether the ongoing and unreported transfers from the Commission's Salaries and Expense appropriation, over the long term, amount to an improper augmentation of the Revolving Fund.

Management accepted most of these recommendations and a corrective action work plan is pending.

### **Contract Audit Closeout - KPMG Consulting**

OIG completed a contract closeout audit of Contract Number 06/0831/0156. This contract required the contractor to provide automated data processing support to the EEOC. The purpose of the audit was to ensure the accuracy of costs charged for services provided, to determine the final cost of the contract to the Agency, and to determine the status of any unliquidated obligations. Certifying the validity of unliquidated obligations is necessary for accurate financial statement reporting purposes.

As a result of our audit, a total of \$29,851.13 in unliquidated obligations relating to fiscal years 1997-1998 was identified. Additionally, OIG discovered \$1,018.92 relating to fiscal year 1997 that should have been deobligated. In a draft report, OIG recommended that EEOC's procurement operations ensure that quarterly reviews of obligated balances and requests for deobligation of funds are conducted and submitted to the Financial Management Division for processing.

---

## **Pre-award Review of Contractor Submissions for Competitive Selection**

At the request of the IG for the Federal Labor Relations Authority (FLRA), we conducted a review of submissions by three contractors bidding, under competitive selection, to perform the 2002 annual financial *Audit of FY 1999-2001 Financial Reports, Central Services Fund and Budget Formulation Process*. Our objective was to rate and rank the submissions to determine the best qualified contractor for FLRA audit. Our methodology consisted of completing several questionnaires, reviewing cost submissions and checking the references of the prospective contractors in connection with their quality of work and professionalism.

## **Management Advisory - OMB Scorecard and EEOC**

In August 2001, President Bush launched his Management Reform Agenda with the goal of providing a greater focus on agency performance. Included in the President's Management Reform Agenda were five government-wide initiatives: Strategic Management of Human Capital; Expanded Electronic Government; Competitive Sourcing; Improved Financial Performance; and Budget and Performance Integration. OMB developed core criteria standards and a scorecard to evaluate agencies in each of the five initiatives. A simple grading system was used: green for success, yellow for mixed results, and red for unsatisfactory. In order to receive a green light, agencies must meet all core criteria standards. Red lights are awarded if agencies fail to meet any one of the core criteria standards. Of the twenty-six agencies graded by OMB, only one agency was awarded a green light in any one of the five initiatives.

Although the EEOC was not selected by OMB to be evaluated, OIG conducted its own assessment, using OMB criteria, to determine where the Agency stood in meeting these newly developed standards for success in each of the five initiatives. The OIG review provided the Agency with a perspective on where it stood in relation to agencies selected by OMB for evaluation. As a result of our review, the OIG awarded red lights in four of the five initiatives (Strategic Management of Human Capital; Competitive Sourcing; Improved Financial Performance; and Budget and Performance Integration). A yellow light was awarded for EEOC's efforts in Expanded Electronic Government. Additionally, we identified agency accomplishments, weaknesses, and planned actions for achieving success in all areas relating to the OMB scorecard process.

## **FY 2002 Peer Review of the Smithsonian Institution's Office of Inspector General**

In accordance with the PCIE's *Guide for Conducting Peer Reviews of the Audit Operations of the Offices of Inspector General*, OIG conducted a peer review of the audit operations of the Smithsonian Institution's (Smithsonian) Office of Inspector General, for the two-year period ended September 30, 2001. The purpose of our review was to issue an opinion on the quality control system in effect at the Smithsonian's OIG and verify compliance with quality standards established by the PCIE. Based on our review, we issued an unqualified opinion on the Smithsonian's OIG audit

operations. In a separate Letter of Comments, we identified several reportable conditions which will be addressed by the IG and reviewed in the next peer review.

### **Review of EEOC's Computer Security Awareness Program**

OIG conducted a review of the Office of Human Resources' (OHR) Employee Computer Security Awareness Training Program. This review was conducted as part of OIG's continuing evaluation of the Agency's automated information systems as required by the Government Information Security Reform Act (GISRA). We reviewed the program's internal controls to determine whether they ensured the program's effectiveness and surveyed field offices to obtain information about security awareness practices. OIG found that additional written procedures addressing the retention of employee security information were needed, and that procedures established to inform new employees of their automated information security responsibilities were not consistently adhered to throughout the Agency. OHR management responded positively to the report and issued procedures for ensuring that all new appointments receive computer security training and certify awareness of security responsibilities.

### **Limited Review of EEOC's Management Control System**

A review of EEOC's management control system was conducted, as required by the *Federal Managers' Financial Integrity Act (P.L. 97-255)*. OIG's independent assessment confirmed that the Agency suffered no material weaknesses and that only one financial non-conformance occurred in the Agency's financial management system during FY 2001. This non-conformance will be corrected by the implementation of the Integrated Financial Management System. OIG concluded that EEOC's management control evaluation process was conducted in accordance with applicable Office of Management and Budget guidelines. However, we found that there continues to be shortcomings in the evaluation process itself. During the next semiannual reporting period, OIG will issue recommendations to improve the effectiveness of the Agency's overall *FMFIA* process.

### **Self-Assessment of OIG's Internal Control Procedures**

During the reporting period, OIG performed a self-assessment of its internal control procedures. The self-assessment identified no deficiencies in the internal audit and investigation mission related functional areas. However, a control deficiency for external audits was found. OIG had no procedures in place to track recommendations made by external audit entities. OIG management has taken the necessary steps to correct the deficiency, and the changes will be incorporated into OIG's revised *Audit and Inspection Policy and Procedures Manual*. In addition, several administrative and automated information system internal control deficiencies were identified which warrant corrective action. An OIG staff member has been assigned to monitor the progress of corrective actions in an effort to ensure that all deficiencies are addressed and corrected.

---

## **ONGOING AUDIT AND EVALUATION ACTIVITIES**

### **Draft Report - Evaluation of EEOC's Performance Planning and Reporting Under the Government Performance and Results Act**

The *Government Performance and Results Act* (GPRA) of 1993, requires Federal agencies to prepare annual performance plans and performance reports. The Annual Performance Plan communicates what the Agency proposes to accomplish during the fiscal year, how it will be accomplished, and describes how the Agency will assess whether the desired results were achieved. The Performance Report communicates results by reporting on achievement of performance measures.

OIG conducted a general assessment of the Agency's 2002 *Annual Performance Plan* and 2000 *Annual Performance Report* to determine how well EEOC reports and supports GPRA performance information. OIG found that these documents contain information that is useful in determining intended performance, credibility of performance data and progress towards meeting Agency goals. However, in each of these areas, we found significant gaps between what EEOC reported and the standards outlined in GPRA reporting guidelines. Major areas for improvement include presenting information more clearly and concisely, including goals and measures that will provide a fuller picture of intended performance, and adding adequate descriptions for the methods used to ensure the accuracy and reliability of performance data. OIG submitted the draft report to EEOC for comment in March 2002. The final report will be issued in the next reporting period and should assist EEOC in developing future performance plans and performance reports.

### **Draft Report - Review of Field Office Monetary Benefit Information Accuracy**

During the period, a review of the validity of reported monetary benefit information from a field office was conducted. The purpose of this review was to: (1) assess the validity and accuracy of the monetary benefit information reported by the field office, (2) determine the compliance with applicable guidelines and procedures, and (3) determine whether reported information was appropriately safeguarded against potential fraud, waste, and abuse. As a result of our field work, we found several instances where monetary benefit information reported in the Charge Data System (CDS) was not supported by documentation contained in the actual case. In a draft report to field management, OIG concluded that shortcomings identified during the review can be remedied by effective enforcement of established controls that address case file documentation, verification and calculation of monetary benefit information entered into CDS.

Furthermore, we identified an internal control weakness in CDS information integrity, regarding employee access to CDS information. Many of the field office employees failed to use assigned user login accounts and instead opted to use system defined generic login accounts which defeats the security functions of user-login accounts. OIG made several recommendations as to how the field office could better document and ensure the integrity of its CDS information. OIG is awaiting

management comments on the draft report. A final report on this matter will be issued during the next reporting period.

### **Evaluation of EEOC Infrastructure**

OIG is conducting an evaluation of EEOC's infrastructure use and space utilization. Using a case study approach, the evaluation will assess an expanded use of telework by the Agency which may create options for increasing effectiveness and efficiency in the utilization of selected EEOC infrastructure, including office space and technology. OIG gathered data, conducted interviews, and analyzed Agency-wide data. OIG will begin field visits in May. Field work will be completed in July and a report issued to the Chair by September 30, 2002.

### **Monitoring the Implementation of Agency's Financial, Personnel and Payroll Systems**

OIG continued its review of the Integrated Financial Management System and the Federal Personnel and Payroll System. EEOC partnered with the Department of the Interior which supports these mission critical systems. These systems were implemented in September and October 2001, respectively. OIG will report on activities of the financial, personnel and payroll systems implementation and will identify successes, challenges, corrective actions and progress towards meeting goals and milestones during the next reporting period.

### **Audit Manual Update**

OIG is currently in the process of updating the *Audit and Inspection Policy and Procedures Manual*. This operations manual will provide general guidance on policies and procedures to be followed by the OIG's auditors, evaluators and other OIG personnel in the performance of their professional responsibilities.

### **Government Information Security Reform Act**

The *Government Information Security Reform Act (GISRA)* requires agencies to develop, implement and annually evaluate their agency-wide information security programs. This is done to ensure the integrity, confidentiality, authenticity, and availability of information and information systems. *GISRA* also directs IG's to conduct annual independent evaluations of their Agency's information security program and practices. OIG is currently conducting an information security evaluation of EEOC's Federal Personnel and Payroll System (FPPS) and plans to issue its findings before the end of the fiscal year.

---

## OTHER AUDIT & EVALUATION ACTIVITIES

### Single Audit Act

*The Single Audit Act of 1984*, requires recipients of federal funds to arrange for audits of their activities. Federal agencies that award these funds must review resulting audit reports to determine whether prompt and appropriate corrective action has been taken in response to audit findings. OIG conducted a review of 35 audit reports issued by public accounting firms, concerning Fair Employment Practice Agencies that have work sharing agreements with EEOC. (See Appendix II)

### Audit Follow-up

As required by *Section 5(a)(3) of the Inspector General Act, as amended*, semiannual reports shall include identification of each significant recommendation previously reported on which corrective action has not been completed. OIG has no reports with recommendations previously reported in which corrective action has not been completed.

As required by *Section 5(a)(1) of the Inspector General Act of 1978, as amended*, semiannual reports shall include a summary of each audit report issued before the commencement of the reporting period for which no management decision has been made by the end of the reporting period. OIG has no audit/evaluation reports that were issued before the commencement of the reporting period for which no management decision has been made by the end of the reporting period.



## THE INVESTIGATIVE PROGRAM

*All investigative work performed supports OIG's Strategic Goal to focus limited investigative resources on issues that represent the greatest risk, and offer the maximum opportunity, to detect and prevent fraud, waste and abuse in EEOC programs and operations.*

During the period, OIG received 165 matters. Investigations staff closed 135 matters, of which 117 were hotline contacts. Charge processing issues were referred to OIG by members of Congress, other Inspectors General, or at the request of charging parties or respondents. These matters were either resolved by OIG and /or directed to field offices, the Office of Field Programs (OFF) and the Office of Federal Operations (OFO), for appropriate action.

### INVESTIGATIVE INQUIRIES RECEIVED DURING THE REPORTING PERIOD

ALLEGATIONS	TOTAL
Charge Processing	64
Other	40
Title VII	28
Mismanagement	7
Ethics	4
Theft	3
Fraud	13
Threat	3
Assault	2
Whistleblower	1
<b>TOTALS</b>	<b>165</b>

---

## **COMPLETED INVESTIGATIONS**

### **Joint Investigation with DEA**

OIG concluded its efforts in connection with a joint investigation with the U.S. Drug Enforcement Administration (DEA). The investigation involved an EEOC employee who was involved in conversations with a known leader of a Mexican drug cartel and a third party regarding the possibility of obtaining falsified immigration documents to aid the Mexican drug leader in obtaining illegal entry into the United States. The United States Attorney's Office declined to prosecute the matter, after determining that the drug leader was arrested in Mexico before any actions in furtherance of a conspiracy to falsify immigration documents were taken. Accordingly, the OIG proceeded with an administrative investigation of the matter and issued a report which concluded that the employee violated several provisions of the *Government-wide Standards of Ethical Conduct for Employees of the Executive Branch*, 5 C.F.R. Part 2635.

### **Inappropriate Use of the Agency's Electronic mail (e-mail) System**

OIG investigated the origin of a derogatory letter which was circulated via the Agency e-mail. The e-mail contained controversial language concerning African Americans. OIG identified the source of the e-mail, but prior to the issuance of a report, the subject retired from Federal Service and the case was closed.

### **Falsification of Court Documents**

OIG received a complaint that an Agency official had signed another attorney's signature on official court filings without appropriate authorization from the attorney. During the investigation a Federal Magistrate ruled that the Agency official was in violation of the Federal District Court local rules. OIG is issuing a memorandum to appropriate management officials to apprise them of the matter and the need for appropriate corrective action.

### **Conflict of Interest**

OIG investigated an allegation of conflict of interest involving a District Director whose immediate family member represents parties in employment discrimination charges filed with the District Director's Office. An OIG investigation revealed that the District Director had taken appropriate actions to recuse himself from any involvement in the processing of cases in which the immediate family member served as a representative.

### **Financial Mismanagement**

OIG investigated allegations of the improprieties in the management of Agency financial operations. Through its investigation, OIG determined that a senior manager failed to follow established policies and procedures in the processing of invoices and payments. Although, the management official circumvented established internal controls, the actions taken did not violate any laws or regulations.

### **Allegation of Privacy Act Violation**

OIG conducted an investigation concerning an employee who allegedly violated the *Privacy Act of 1984*, 5 U.S.C. § 552(a) and the EEOC Privacy Regulations by disclosing charge file information to an unauthorized individual. OIG determined there was insufficient evidence to establish any wrongdoing and the matter was subsequently closed.

### **Employee Misconduct**

OIG received an allegation that an EEOC employee had misrepresented himself as a law enforcement officer working surveillance, to avoid having his vehicle towed after illegally parking in a handicapped parking space. The police was called and the employee was required to pay a fee to the towing company to avoid having the car towed. The employee's supervisors were advised of the incident and have since taken action.

### **Misuse of Government Equipment and E-Mail**

OIG investigated a matter involving an EEOC Field Office Director and a Program Analyst who misused government equipment and violated EEOC Policy on E-mail Usage. The investigation revealed that the Director mistakenly e-mailed a controversial photograph to a third party who was offended by the content. The conduct of the Field Office Director and the Program Analyst was reported to Management for appropriate action.

### **Nigerian Scam Alert**

During the period, OIG issued a "Fraud, Waste and Abuse Alert" warning all employees to be aware of several Nigerian Letter Scams that were being sent throughout the country via EEOC's e-mail system. The scam attempts to defraud individuals by enticing potential victims with large amounts of money for participating in the scheme. Several employees had been contacted by persons looking for assistance who claimed to be Nigerian businessmen or government officials with access to millions of dollars.

***ONGOING INVESTIGATIVE ACTIVITIES***

OIG has investigations ongoing in headquarters and several field offices. These investigations includes allegations of employee misconduct, involving possible both criminal and ethical violations, mismanagement by senior officials, falsification of time and attendance records and falsification of travel vouchers. These matters will be reported on as they are concluded.

## OTHER OIG ACTIVITIES

### *CONGRESSIONAL ACTIVITIES*

#### **Congressional Inquiry - Agency Use of General Services Administration's SmartPay Program**

In response to a Congressional inquiry from the Honorable Charles E. Grassley, OIG provided information regarding its evaluative experience concerning the Agency's SmartPay Program. OIG reported to Senator Grassley that, since the inception of the SmartPay program, OIG had not investigated any employee misuse of a government purchase or travel card, nor did we conduct any audits or investigations of the use of SmartPay accounts. We further informed Senator Grassley that we plan to review the Agency's SmartPay accounts in the future.

#### **Agency Correspondence and Customer Service**

OIG reviewed its database for the period October 1, 1999 to September 30, 2001, to identify all hotline complaints, investigative allegations and Congressional inquiries addressing the responsiveness of EEOC to its customers. Based on this review, OIG concluded that timeliness and quality of responses from EEOC offices to customers do not appear problematic. OIG suggested that the Chief Operating Officer consider issuing a memorandum to EEOC staff outlining customer service expectations. On March 29, 2002, revised correspondence procedures were issued to field office directors.

#### **Legislative and Regulatory Matters**

The following EEOC Orders and Directives were reviewed during the semi-annual reporting period:

- Interagency Coordination of Proposed EEOC Issuances - EEOC Order No. 150.004
- Clearance Procedures - EEOC Order No. 501.006
- Employee Recognition and Awards Program Handbook (Draft)
- Office of Information Technology, Chapter XIII, EEOC Order No. 110.003

At the request of the Chief Operating Officer, OIG reviewed procedures for the use of EEOC credentials and Investigator badges and offered recommendations and observations that were included in procedures issued to investigators.

## ***INSPECTOR GENERAL ACTIVITIES***

### **EEOC's District Directors and Regional Attorneys Conference**

In March 2002, the IG moderated a panel which included EEOC's Chief Financial Officer and the Directors of Human Resources and Information Resources Management. These executives provided a status of Agency initiatives addressing strategic human capital, electronic government, financial management, competitive sourcing, and budget and performance integration. The IG gave an overview of the President's Management Agenda and the Executive Branch Scorecard. She ended the presentation with EEOC's scores, as determined by OIG's evaluation of the Agency against the Scorecard Standards for Success.

### **Tennessee Valley Authority, Office of Inspector General Second Annual Training Symposium**

In February 2002, the IG participated on a panel that included the Deputy Inspectors General from the Postal Service and the Departments of Commerce and Energy. Aside from providing details about EEOC's Office of Inspector General, Ms. Brown addressed human capital issues, operational concerns, and future challenges facing the inspectors general community.

### **New Inspector General Orientation**

In November 2001, the IG participated on a panel that included the Inspectors General of the Departments of Education and the Treasury. The panel addressed the topic of "Departmental/Agency Head Relations," informing newly appointed inspectors general of the most important relationship that the IG has, and the most difficult to maintain. Specifically, the IG addressed lessons learned and practices resulting from successful working relationships.

### **Other Inspector General Activities**

The IG attended the Association of Government Auditors Leadership Conference, provided opening remarks at EEOC's African American History Month Observance, and attended the Office of Personnel Management's Senior Executive Service Briefing on the President's Management Agenda. The IG currently serves as the ECIE's representative on the editorial board of the Journal of Public Inquiry and on the Legislative Committee of the PCIE.

## ***PROFESSIONAL DEVELOPMENT AND ASSOCIATION***

OIG staff members participated in several professional associations, committees and organizations including the PCIE/ECIE Inspections Roundtable, the Government Evaluators Group, the Association of Government Accountants, EEOC Chapter of Toastmasters International, the Council of Counsels to Inspectors General, and the PCIE/ECIE Investigations Subcommittee.

The staff also engaged in other professional activities in support of OIG's strategic goals to 1) attract, develop and retain a highly skilled workforce; 2) provide professional development, fostering diversity, respect and teamwork and to create an environment in which employees are motivated to excel and achieve their highest potential; and 3) maintain effective liaison with EEOC management, external law enforcement entities and key congressional staff.

## ***TECHNOLOGY UPDATES***

### **Technological Advancement**

In an effort to evolve to a "paperless" environment, OIG has instituted several new initiatives. OIG has automated its Hotline Tracking Form using Adobe Acrobat 5.0, and has automated its project management capabilities by the acquisition of Microsoft Project 2000, which will be used to track individual project status and workflow. Also, audit staff are identifying and evaluating auditing software programs to implement an electronic auditing environment.

## INDEX OF REPORTING REQUIREMENTS

IG ACT CITE	REPORTING REQUIREMENTS	PAGE
Section 4 (a) (2)	Review of Legislation and Regulations	N/A
Section 5 (a) (1)	Significant Problems, Abuses and Deficiencies	8 - 18
Section 5 (a) (2)	Recommendations With Respect to Significant Problems, Abuses and Deficiencies	N/A
Section 5 (a) (3)	Significant Recommendations Included in Previous Reports on Which Corrective Action Has Not Been Completed	N/A
Section 5 (a) (4)	Matters Referred to Prosecutive Authorities	N/A
Section 5 (a) (5)	Summary of Instances Where Information Was Refused	N/A
Section 5 (a) (6)	List of Audit Reports	23
Section 5 (a) (7)	Summary of Significant Reports	8 - 18
Section 5 (a) (8)	Questioned and Unsupported Costs	N/A
Section 5 (a) (9)	Recommendations That Funds Be Put to Better Use	N/A
Section 5 (a) (10)	Summary of Audit Reports Issued Before the Commencement of the Reporting Period for Which No Management Decision Has Been Made	N/A
Section 5 (a) (11)	Significant Management Decisions That Were Revised During the Reporting Period	N/A
Section 5 (a) (12)	Significant Management Decisions With Which the OIG Disagreed	N/A

## APPENDIX I - OIG AUDIT AND EVALUATION REPORTS

Report Title	Report Number	Date Issued	Dollar Value of Questioned Costs	Dollar Value of Better Used Funds	Dollar Value of Unsupported Costs
<b><u>AUDITS</u></b>					
OIG Performance Audit of the Education, Technical Assistance and Training Revolving Fund	01-07-APO	10/23/01	\$-0-	\$-0-	\$-0-
<b><u>EVALUATIONS</u></b>					
Evaluation of EEOC's Computer Security Awareness Program	01-10-AIC	12/27/01	\$-0-	\$-0-	\$-0-
Draft Report - Review of Monetary Benefit Information Accuracy - An Agency Field Office	01-05-AEN	03/20/02	\$-0-	\$-0-	\$-0-
Limited Review of EEOC's Management Control System	02-01-AIC	12/19/01	\$-0-	\$-0-	\$-0-
Draft - Evaluation of EEOC's Performance Planning and Reporting Under the Government Performance and Results Act	01-12-AMR	03/26/02	\$-0-	\$-0-	\$-0-
<b><u>MANAGEMENT ADVISORY</u></b>					
Management Advisory: OMB Scorecard	02-08-MIS	02/28/02	\$-0-	\$-0-	\$-0-
<b>Total</b>			<b>\$-0-</b>	<b>\$-0-</b>	<b>\$-0-</b>

## APPENDIX II - SINGLE AUDIT ACT REPORTS

The State of Illinois, FY 2000	The Hoopa Valley Tribe, FY 1999
The Cheyenne-Arapaho Tribes of Oklahoma, FY 1997	The Hualapa Tribe, FY 1998
The Oglala Sioux Tribe, FY 1997	The Colorado River Indian Tribe, FY 1999
The State of Texas, FY 2000	The State of Arizona, FY 2001
The State of Indiana, FY 2000	The Spokane Tribe of Indians, FY 1999
The State of Maine, FY 2000	The Hualapa Tribe, FY 1999
The State of Rhode Island and Providence Plantations, FY 2000	The State of Idaho, FY 2000
The State of Massachusetts, FY 2000	The State of Wisconsin, FY 2000
The San Carlos Apache Tribe, FY 1999	The State of New York, FY 2001
The State of Washington, FY 1999	Commonwealth of Kentucky, FY 2000
The Swinomish Indian Tribal Community, FY 2000	The Shoshone and Arapahoe Tribes of the Wind Reservation, FY 1997
The State of Alaska, FY 2000	The Shoshone and Arapahoe Tribes of the Wind Reservation, FY 1998
The Rosebud Sioux Tribe, FY 1999	The Shoshone and Arapahoe Tribes of the Wind Reservation, FY 1999
The Tulalip Tribes of Washington, FY 1999	The Fort Belknap Indian Community, FY 1999
The Assiniboine & Sioux Tribes, FY 1998	The Cherokee Nation, FY 1999
The Assiniboine & Sioux Tribes, FY 1999	The Cherokee Nation, FY 2000
The New Hanover County, FY 2001	The State of Georgia, FY 2000
The Pueblo of Zuni, FY 1998	The Cheyenne-Arapahoe Tribes of Oklahoma, FY 1999



**HOW TO REPORT WRONGDOING**

**EQUAL EMPLOYMENT OPPORTUNITY COMMISSION**

**OFFICE OF INSPECTOR GENERAL**

**HOTLINE**

**REPORT FRAUD, WASTE, AND ABUSE**

**1-800-849-4230**

---

**OR WRITE: OFFICE OF INSPECTOR GENERAL  
P.O. BOX 18858  
WASHINGTON, DC 20036-8858**

**IDENTITIES OF WRITERS AND CALLERS FULLY PROTECTED**

---

